

Risk and Regulation Monthly Cover Note

February 2016

The news headlines in February were dominated by the announcement of the date for the **UK referendum on membership of the EU**. This has led to a substantial pick-up in planning activity, as the industry works to understand and make early preparations for the possible impact of any vote to leave.

There remains plenty of other regulatory activity. Although expected, the European Commission's move to lay out a proposal to **delay the implementation of the MiFID II package** (see our [blog](#) on the proposal) was important, as was the long-awaited **agreement on central counterparty requirements** between the European Commission and the US CFTC, which came after three years of negotiations.

2016 will see a lot of activity on **bank resolution**, as resolution authorities across the EU set the minimum requirement for own funds and eligible liabilities (MREL) for the first time. The EBA's public dissent from certain amendments to the **MREL technical standards** by the European Commission, including the amount of MREL systemically important banks should have, was important. However the different perspectives may be resolved in new regulation being developed to implement Total Loss-Absorbing Capacity (TLAC), mooted for consultation by the end of this year. Separately, the **Single Resolution Board (SRB)** started a **data collection exercise** to inform resolution planning and the determination of MREL, and on 11 March the Basel Committee published new proposals covering extensions to **Pillar 3 disclosure requirements** for TLAC. Over the next couple of months, we should see publication of the resolution planning manual by the SRB, and guidelines detailing bail-in provisions by the EBA. The FSB's thematic review of resolution regimes is also due by April.

Looking forward, the **FSB's work programme** for 2016, outlined by Mark Carney in a letter to G20 officials, provided the latest update on the regulatory pipeline. The programme included a number of additions, including a new initiative on assessing the "systemic implications of **financial technology innovations**" and the "systemic risks that may arise from **operational disruptions**", on which it will report already next month. On the **systemic risks associated with asset management activities**, the FSB has now pushed back the deadline for its policy recommendations till September. The letter claimed that the bank capital and resolution framework was "now largely settled" and indicated that the work on refining the framework was not meant to increase overall capital requirements significantly. Many in the industry remain to be persuaded on that point.

And finally a stop press item: the **Financial Advice Market Review** has just been published: it sets out 28 recommendations to increase the accessibility and affordability of advice and guidance for consumers, targeting in particular those who do not have significant wealth or income.